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ABSTRACT

A strategy for revitalizing public education by stimulating the creation of new public schools is proposed in this report. The proposed system goes beyond school choice and is based on the withdrawal of local districts' exclusive franchise to own and operate public schools. The proposal is based on the premise that the state must provide both "choice" and "choices"--granting choice of school as well as providing alternatives to public schools. The new system for chartering schools would allow enterprising people to open innovative schools under contract to a public agency. Also examined is the notion of "divestiture," or allowing districts to relinquish operation of public schools while retaining a broad policy-setting role. This proposal for fundamental educational reform is based on the following assumptions: (1) school restructuring has limited potential; (2) school districts' monopoly on public education is the heart of the problem; (3) the states are critical actors in revitalizing education; and (4) a competitive school system requires a variety of agencies that are free to charter new schools. The final section offers 11 guideposts for creating a competitive but publicly controlled and service-oriented public school system. (LMI)

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POLICY REPORT

November 1990
No. 8

BEYOND CHOICE TO NEW PUBLIC SCHOOLS:

WITHDRAWING THE EXCLUSIVE FRANCHISE IN PUBLIC EDUCATION

by

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--John Stuart Mill

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BEYOND CHOICE TO NEW PUBLIC SCHOOLS:

Withdrawing the Exclusive Franchise in Public Education

Executive Summary

The discussion about the future of America's public schools is beginning to make real progress. This is not because new ideologies are appearing, but because the old ideology of public education is being broken down.

Since it was rekindled by the 1983 *Nation at Risk* report, the national debate over education reform has advanced in progressively more radical stages. First came the traditional calls for more school spending, higher standards, and better teachers. Then came more novel proposals for school restructuring -- greater autonomy for individual schools, professional status for teachers, and real accountability for student performance.

Today, the idea of school choice has taken center stage. Its purpose is to foster competition by permitting families to choose the school their children attend, rather than simply being assigned one by the local district. Led by a liberal Democratic governor, Minnesota has pioneered the use of choice in public schools. Going a step farther, the Wisconsin legislature, prodded by Rep. Polly Williams, has opened the way for some inner city children in Milwaukee to attend private schools at public expense.

Yet the potential of school choice as a catalyst of fundamental change is limited today in two important respects. First, allowing families more choice within the existing public school system will be meaningless if that system offers only low-quality schools. Second, allowing choice between existing public and private schools may simply provide an incentive to abandon, rather than improve, the public education system.

Americans now face a practical question: how can we use the powerful idea of choice to improve our schools while retaining the essential purposes of public education? *This report proposes a simple yet radical answer: allowing enterprising people -- including teachers and other educators -- to start innovative public schools. In order to create new public schools, and ultimately a new system of public education, the states would simply withdraw the local districts' exclusive franchise to own and operate public schools.* For choice to work -- to help the student and to stimulate the district to change -- the state will have to provide both choice and ***choices***: allowing families to choose the schools their children attend *and* allowing someone other than the local district to provide schools under contract to a public agency.

Growing public support for a radically transformed school system stems from the failure of public education to put children first. The education establishment

has been full of good intentions and more than willing to spend the public's money. But it has not been willing to change itself in basic ways. Public education has remained a system of big organizations -- big schools in big buildings, organized in a traditional, top-down way like the Army or the Postal Service. No matter how unresponsive and ineffective this way of organizing learning has become, the prevailing ideology insists that local school districts must retain their monopoly on providing public schools to the children of the community.

It is time to say this: our system of public education is a bad system. It is terribly inequitable. It does not meet the nation's needs. It exploits teachers' altruism. It hurts kids. Instead of blaming people -- administrators, teachers, politicians, parents -- we need to fix the system. It is time to organize public education in America on a new basis.

The proposal outlined in this report is designed to introduce the dynamics of choice, competition and innovation into America's public school system, while at the same time ensuring that new schools serve broad public purposes. It rests on the following key conclusions:

* That school restructuring -- "site-based management" or "self-governing schools" -- has limited potential. It provides no incentives for systemic change. Although inspired leadership has transformed some schools, fundamental improvement in public education will not come one school at a time.

* That the school districts' exclusive monopoly on public education is the heart of the problem. This is what makes local school boards more responsive to the interests of the adults in the education system -- administrators and teachers -- than to children, who are compelled by law to attend school. According to Albert Shanker, president of the American Federation of Teachers, our school system "takes its customers for granted."

* That the states are the critical actors in revitalizing public education, because only they can withdraw the districts' exclusive franchise. Until that is done, districts will have no real incentive to change -- and will face no real penalty for failing to change.

* That a competitive school system can best be achieved if a variety of public agencies are free to charter new schools: existing districts, colleges, local governments, the states, and perhaps even the federal government.

Lastly, this paper looks beyond creating new public schools to an even more radical reform option -- divestiture, or allowing the districts to get out of running and operating public schools altogether. Divestiture would also establish a contract relationship between the local school board and the schools it presently owns.

The local school board today is caught in a fundamental conflict of interest. It is trying to represent the parents and the public, to whom it promises the best

possible education for the kids. But it also sits as the board of the only teaching business in town. This is a self-dealing arrangement, in which the board's role as a producer of educational goods tends to dominate. Almost inevitably the board spends more of its time worrying about its staff (who can leave) than about its students (who cannot).

In a divestiture, school administration would be split off into one or more groups that would operate the schools on contract to the local board. The issues that now clog a school board's agenda would thus become matters to be decided by the operating organizations: personnel questions, schedules, salaries and promotion, books, supplies. To the board would be left key policy decisions about objectives, outcomes, and revenues. In short, divestiture would get elected school boards out of the business of owning and running schools, but they would continue to exercise a policy-setting and oversight role by virtue of their ability to decide which schools would qualify for public funding.

Withdrawing the exclusive franchise would take away from teachers as well as from districts the security of the traditional arrangement. This is necessary: educators should not be able to take their customers for granted. But as the states make this change, they should in fairness offset the risk it creates for teachers with some opportunity for reward.

That reward could be the opportunity for the teachers to own and run the new schools. This would give them the opportunity to grow in professional responsibility and to increase their incomes. The public wants more accountability; educators now refuse to accept it. The idea of teacher ownership might break this impasse. Teachers might soon find that the more accountable they are, the more autonomous they are.

Withdrawing the exclusive franchise and divestiture would threaten the existing system. Resistance will be fierce. No district will want new schools appearing in its territory. It will argue that if new and different schools are necessary, it should be the organization to start them.

Yet there are reasons for optimism about fundamental change in America's school system. One is the success of choice legislation. Another is the willingness of some leaders in public education to think seriously about incentives. A third is the increasing sophistication of business leaders, who are growing impatient with "feel-good" partnerships with schools. There is also much to be said for state action that confines itself to a single, radical stroke: introducing the dynamics for change by withdrawing the districts' exclusive franchise, leaving the schools free to make necessary changes themselves in their own way, over time.

Finally, there is spreading public awareness of the consequences of not getting it right this time. Roughly 20 million children went through high school during the seven years since the *Risk* report. It would be a national tragedy if, after another 20 million had cycled through, educators and political leaders had to confess that once again they had not got it right.

BEYOND CHOICE TO NEW PUBLIC SCHOOLS:

Withdrawing The Exclusive Franchise in Public Education

By Ted Kolderie
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Introduction: The School Reform Debate

The discussion about the future of America's public schools is beginning to make real progress. This is not because new ideologies are appearing, but because the old ideology of public education is being broken down.

In 1983 the *Nation at Risk* report focused public attention on the deteriorating levels of student performance. Fairly quickly, and sensibly, the education system decided not to be defensive about what was so apparent. It conceded: we can do better.

Next came a powerful message from good friends of public education that, if learning were to improve, schooling would have to be changed, and radically changed. In 1984, in their different ways, John Goodlad's *A Place Called School* and Ted Sizer's *Horace's Compromise* pressed this conclusion. Fairly quickly this point, too, was conceded.

Then the teachers' organizations -- most notably Albert Shanker, president of the American Federation of Teachers -- saw the opportunity to argue that in order for schooling to change, the school district would have to change. In 1985 the Carnegie Task Force on Education and the Economy, with Shanker as a key member, established "restructuring" as the key item on the improvement agenda: more authority for the individual school, professional status for teachers and (less stressed, and less noticed) a real accountability for student performance.

Now comes the further assertion -- most recently and most forcefully from John Chubb and Terry Moe in *Politics, Markets and America's Schools* -- that in order for districts to change the larger system will have to change: students should no longer be assigned to schools, and schools should no longer be organized as a monopoly public bureau under political control.

To this last analysis and proposal the people in public education are responding in essentially ideological terms. They do not want to look into the system for the causes of the troubles in the schools. For them it is enough simply to say that a "market" would violate the theory of public education. They are uninterested in a practical discussion about what might help. If pressed, they

point to the dangers of competition. It is as if you had a group of people in the North and fuel was low and a blizzard was coming and you appealed for help, and what you got was a lecture about the dangers of fire.

Steadily, however, the national discussion is moving on; gradually thinking through the ideas of choice and competition and their relation to public education. There is a real problem in the schools. There is an urgent need to improve. There is a practical problem of how to get it done. So there is a growing willingness to look at new ideas -- however uncomfortable they may be to educators -- to see if they might work.

In the background is the general sense of the limitations of "command" systems, reinforced in the past year by the events in eastern Europe. What has really stimulated the current discussion, though, is the dramatic turnaround in the public and political attitude toward the idea of choice.

This was summarized in a report by the Gallup organization in the September, 1990 *Kappan* magazine. Over the past 10 years the proportion agreeing that people should be able to choose the public school their children attend has climbed from 12 percent to 62 percent. Support is higher among parents with children in the public schools (65 percent). It is highest in the big cities, but over 60 percent everywhere.

It is highest among people of average income ($20,000 to $40,000) and among people of average education (high school graduates). Among people of color 72 percent are in favor; 18 percent opposed. Perhaps most striking: support varies directly with age. Among persons over 50 it is 54 percent; among those age 30 to 49, 63 percent; among those 18 to 29, 72 percent.

These numbers are apt to command respect among people in political life. President Bush has begun to use this issue to invade the Democratic heartland. Education was the issue around which he convened the governors in September 1989, and it was the topic for the first public task force organized during the Bush administration. The President has bypassed the Congress, which could not enact choice if it wanted to (and probably would not if it could). He has moved directly to the states and to the people.

Yet the political response to the changing public attitude appeared first in Minnesota, a liberal and Democratic state with relatively good schools, where a liberal and Democratic governor, Rudy Perpich, proposed in 1985 that choice be opened up within the public school sector. Five years later that program is fully in operation in Minnesota, and has spread in some form to Arkansas, Iowa, Colorado, Nebraska, and some other states.

Growing support for choice is the public's response to the failure of public education to put children first. The education establishment has been full of good intentions, and more than willing to spend the public's money. But it has not been willing to change itself in basic ways. Public education has remained a system of big organizations -- big schools in big buildings, with a traditional, top-

down organizational structure like the Army or the Postal Service. No matter how unresponsive and ineffective this way of organizing learning has become, the prevailing ideology insists that local school districts must retain their monopoly on providing public schools to the children of the community.

It is time to say this: our system of public education is a bad system. It is terribly inequitable. It does not meet the nation's needs. It exploits teachers' altruism. It hurts kids.

Citizens are now rebelling against this system in one way or another; sometimes challenging the local district directly but increasingly moving to the state to get a different system more responsive to their needs.

In 1988, neighborhood groups in Chicago, supported by the business and civic community, went first to Mayor Harold Washington and then to Springfield for a law creating *school-level* boards, with parent majorities and with the power to hire the principal. When the Chicago district opposed that legislation the coalition took on that opposition and beat it.

Most recently the political response has taken a turn toward private schools. In Kansas City, after the suburbs declined to open their schools, the federal court has been now been asked to rule that only in the private schools can the children get an integrated education.

And now there is Polly Williams.

In Milwaukee the black community on the city's North Side had been left by a "desegregation" order of the federal court with about 20 all-black schools. Representatives of the black community then asked the district and the state for a separate district through which they could run those schools themselves. They were turned down. So in 1990 state Rep. Polly Williams put through the legislature a bill opening the way for their children to attend private schools at public expense.

Here is a black woman, a former welfare mother, a supporter of the Rev. Jesse Jackson, interested not in ideology but simply in what works for her people, telling the Republican governor (who favored the same idea) to stay out of the way so she can pass the bill, which she did.

Everyone senses the political implications. If leadership with that kind of ability and credibility begins to tap the public support for choice now apparent in the polls, some very large things could begin to change. Public education cannot easily resist a Polly Williams. *For the first time, it faces a practical need to make a strategic move; to come up with a positive proposal of its own on the issue of system change.*

So do the mostly Democratic elected officials in the larger cities. With their preoccupation with the traditional interest-group politics of education they have essentially stood against the effort by the residents of those cities -- their natural

constituency -- to secure what those people know they need most if their children are to have any hope of rising out of poverty: a good education. The decision not to provide a good education -- not to challenge the system in the interest of the kids -- could very soon appear a profound political miscalculation.

Americans today face a practical question: how can we use this powerful idea of choice to improve the schools while retaining the essential purposes of public education? The answer needs careful thought, because some of the proposals that fly under the banner of choice may not hold firmly to the ideas of the common school, of equity and of public purpose.

In this coming discussion the key people will be those not directly involved in public education. The change that is coming calls into question the fundamentals of the system; and the people who live in that system will not take the lead in that.

This report proposes a strategy for revitalizing public education by stimulating the creation of new public schools. Under this approach, the states would intervene strategically to introduce incentives for school districts to change, by allowing families to choose the schools their children attend *and* by allowing someone other than the local district to start an innovative public school. That will require that the states withdraw from local school districts the exclusive franchise for owning and operating public schools. School choice alone won't change a closed system; what's needed is to open the system to enterprising people who want to start innovative new schools.

The system proposed here is a competitive system, on the theory of some Fabians in Britain that "competition favors the survival of the helpful." But it is also a public system. The schools will serve public objectives and will be publicly accountable for the public support they receive.

Before explaining the proposal, however, it is important to examine the problems with the path the education discussion is presently traveling.

The Limited Potential of School Restructuring

People like to act directly. They see a problem with schooling. They know the district owns the schools. So they want to get the district to change its schools. The business community has bought into this notion of restructuring. State governments are now being pressed to buy in as well.

It is an appealing idea: shifting more responsibility from districts to "site-managed" or "self-governing" schools, assessed and rewarded for progress in improving what students know and are able to do. Certainly, restructuring improves on the old prescription of higher salaries, smaller classes and better training.

The problem is that the districts aren't responding nearly quickly enough. Nor are they likely to, because they don't have to.

Restructuring is not without its successes. There are important demonstrations in many schools. A number of districts have restructuring contracts. In Kentucky, the program will be tried statewide. All of these efforts are widely reported. The media create the impression of a changing system.

But change is more than getting words on paper, in contract or in law. Change must get established. It must last. And it must spread. Yet even in the most-noted restructuring districts, the implementation is proving -- as the superintendent in Rochester, New York, Peter McWalters, said recently -- "damned hard." In some districts the educators do not want to use all the authority they are given. In others the changes made may now be slipping away. The much-praised restructuring in East Harlem has been in real jeopardy. Strenuous efforts by its friends may save it. But how many such defensive battles can be fought and won? For how long?

There is also a problem of scale. This country has 40 million kids and 2.2 million teachers in 84,000 schools in 15,000 districts. The problems are general, and serious. The change has got to be systemic. Restructuring is simply not moving fast enough for the job that has to be done.

Restructuring is a vision. It lacks a strategy for action.

Few institutions welcome radical change. They need a reason to change. *Restructuring does not give the school district a compelling reason to change.* It continues the traditional assumption that altruism is an adequate motivational base for change. It expects that boards, superintendents and teachers will do things they find personally difficult and institutionally unnecessary because these are important for the country and good for kids.

Restructuring does not go to the heart of the problem. It is trying to persuade districts to change, while accepting as given the system of public education that makes it hard for them to change.

This makes no basic sense. We need a new approach. We need to find what makes it so hard to change, and change that.

The Exclusive Franchise Is the Heart of the Problem

Almost certainly, what makes change so hard in education is the districting of the system.

Education has boundaries. Each set of boundaries creates an area in which there is one organization teaching public school, to which the kids who live in that

area are assigned. Public education is organized as a pattern of these territorial exclusive franchises.

Under this arrangement, the state leaves to the district final decisions about improvement. Governors and legislators like to talk as if they can improve the schools. They can't. Legally schools do not exist: districts exist. The state deals with districts, not with schools. Only districts can change the schools. Governors and legislatures can propose and promise, plead and threaten. They can give money. They can issue orders. Often the districts respond. But whether they do or not in the end is up to them. If the district does not do better the state does not send in another organization that will. It accepts the pace of improvement at which the district is able or willing to move.

It does not matter how much students learn. Within very broad limits the state assures the districts their existence, their students, their revenues, their security and virtually their annual spending increases -- their material success -- independent of the level of student success.

Hence, it is no mystery why in public education the cards are stacked against innovation. An organization with an exclusive franchise is under little pressure to change.

David K. Cohen, at Michigan State University, put it gently when he wrote in 1986 that education contains "weak incentives for the introduction of innovations that would cause internal stress." Proposals for radical change surely do cause internal stress. Change disrupts settled routines, upsets people, causes controversy. It threatens the real interests of powerful organizations.

As they consider proposals for change, the superintendent, board, principal, unions, and teachers weigh the potential benefits to the kids against the risk of creating "internal stress." They want to help the kids. But upsetting people might cause controversy. It might produce a grievance, lose an election, cause a strike, or damage a career.

The risks are real. There is nothing countervailing, nothing that requires kids' interests to be put first, nothing very bad that will happen if the decision is to say "no." As things stand, a "no" is the end of the matter: the principal who wants to change has nowhere else to go. The teacher has nowhere else to go, and parents and students have nowhere else to go. There is almost nothing anyone can change without getting someone else's permission. Yet almost everyone has the power to check everyone else.

Moreover, practically nothing depends on making the improvements for which the public is pressing: clear objectives, measurement of performance, new technology or better learning methods. Unless something quite unusual happens, the students and the revenues will be there anyway. Good educators tell their colleagues, "We have to change." But that is not true in any real sense.

The kids get what altruism, courage and the random appearance of exceptional individuals provide in the way of improvement -- which is often a lot. But the system puts them second. The system puts adults first. As Albert Shanker told the Itasca Seminar in Minnesota in 1988: "This is a system that can take its customers for granted."

Why the State Is the Critical Actor

It is unproductive and unfair to put people under incentives that are not aligned with the mission they are supposed to perform. That leads to blaming the people for failures that are the fault of the system. Parents blame teachers and administrators. Educators in response blame parents and kids. It is all wrong. As Ted Sizer remarks near the end of *Horace's Compromise*, "the people are better than the system." Instead of blaming the people, we should fix the system.

The system is not immutable: it was built by policy; it can be changed by policy. But to change it we will have to go beyond the district. "We can never turn around enough districts," Frank Newman, president of the Education Commission of the States, said in a "Statehouse to Schoolhouse" discussion, "without changing the incentives in the system."

Changing incentives means providing opportunities and reasons for people to do in their own interest the "stressful" things that change requires. Changing incentives "in the system" means restructuring the environment in which districts live. It means withdrawing their exclusive franchise.

Only the state can do this, for districting is created by state laws. The responsibility for action rests with the legislatures, and with the governors whose proposals begin the law-making process.

The state should not get into restructuring directly. The state's job is not to run the schools, but to provide a workable system for those who do. It owes boards, teachers and administrators -- and the public -- a system in which those who do change and improve are supported and rewarded, and in which those who do not are the ones put at risk. Yet everywhere in this country the state is in default on that obligation.

What Would It Mean to Withdraw the Exclusive Franchise?

The exclusive franchise means the district can keep students in and can keep other school-teaching organizations out. To withdraw it the state would have to make it possible for some other public organization to sponsor the public school in the area, and would let students enroll in those schools if they chose.

Choice and new public schools would go to the heart of the problem. No district would have to do anything. But none could any longer take its students

for granted. If the district schools did not improve, other and better schools might appear. Suddenly, a decision not to change and improve would no longer be without practical consequences.

These twin ideas -- choice and new public schools -- face a formidable challenge. They will have to get enacted, which obviously will not be easy. And, first, they will have to be put in workable form. The prospects for enactment will depend partly on the skill of the design -- on whether the ideas of choice and new public schools can be made to serve the purposes of public education.

What follows is an effort to suggest a practical program that could be enacted. It will deal first with the idea of transferring the attendance decision from the system to the student; then with the issues involved in letting "someone else" offer a public school.

1) *Extending School Choice*

The discussion of choice has to begin with the fact that choice exists today.

Every state has had a choice plan since the *Pierce* decision in 1925. It is a simple plan: kids can go to any schools, anywhere -- private or public -- if their parents can pay the tuition or the cost of moving their place of residence. It is in use: lots of people choose. It works. It is inequitable: it discriminates against the poor. A family with a lot of money has a lot of choice. A family with little money has little choice.

What some state legislatures are doing is *extending* choice, using public resources to offset the inequalities of the private market. It can reasonably be called a liberal thing to do.

Not every choice plan does that well. Choice is a design question. Everyone discussing choice has to decide: (a) What students will be eligible? (b) What schools will be eligible? and (c) Under what rules will they come together? What "choice" means depends on how you answer those questions. And how you answer those questions depends on what you want to accomplish. Choice, like any other instrument, is neither good nor bad itself. Everything depends on what you want to do. You can use choice to create an elitist, segregated system, or to create a much more equitable system than the one that exists today.

The state that has answered these questions most fully -- Minnesota -- improved the equity of the system, as it decriminalized the student's decision to enroll in a district in which she or he does not live. Minnesota made choice available to all kids enrolled in public schools. It established a set of controls on choice: for racial balance, against selectivity, etc.

But choice alone is not enough. In a discussion recently at the National Governors Association, David Hornbeck, formerly the chief state school officer in Pennsylvania and in Maryland, noted that in the last 30 years large numbers of families have exercised their power to choose by leaving the central cities -- yet

their action did not improve the schools of those districts. Precisely. There was choice, but still the exclusive franchise; still no opportunity for anyone else to offer a public school in that area.

Choice makes an alternative legally and financially accessible but -- so long as the exclusive franchise remains -- not practically available. The other organization the student wants to attend is always in some other place. So choice becomes an argument about who has to travel and about who should pay the cost of travel.

For choice to work -- to help the student and to stimulate the district to change -- the state will have to provide both choice and ***choices***: different schools for kids to choose among where they live. It is like the epoxy kit you buy at the store: neither tube has an effect alone. The dynamics appear only when the two are mixed. In education, the dynamics will appear only when choice and innovation mix.

2) ***Beyond Choice to New Public Schools***

What shape might new schools take? People both inside and outside public education tend to share a conviction that new schools should have some of the characteristics of private schools -- the autonomy, the smaller size, the freedom to innovate -- along with an appropriate accountability for the public resources they receive. The problem, not surprisingly, is in translating that into workable specifics.

From within the system the principal proposal has been for "school-site management." The idea is that districts themselves will voluntarily create autonomous schools, delegating resources and holding schools accountable for results. It is a key part of the restructuring idea.

From outside the system come calls to use existing private schools, put under some (usually minimal) public supervision. These schools exist in most communities, their costs are low, many (especially the Catholic schools) now enroll a substantial number of minority (and non-Catholic) children and many need students. Both John Coons and Steve Sugarman, in their "California Scholarship Initiative" and Chubb and Moe, in their plan, would draw in these schools. The new program in Milwaukee allows students to use publicly funded vouchers to attend private schools that offer non-sectarian instruction.

Both of these proposals are flawed. Most districts are unwilling to delegate meaningful control to their schools. Where site-management has happened, as in Chicago and in Britain, it was imposed by the state. Thus far, the private school option has not proved practical, not so much because these schools teach religion (it is easy enough to design a non-sectarian program) as because no one has yet been able to solve the dilemma of autonomy and public accountability. Moreover, no less than their public counterparts, private schools are often highly traditional in their approach to learning.

One problem with these approaches is that they use existing schools. A third approach would be to create new schools which operate under contract to some public entity. Only new schools can stimulate the widespread innovation that public education needs. It is common in other parts of our public sector to use a non-governmental organization to accomplish a public purpose: all kinds of programs, including Medicare, are built on what Charles Schultze of the Brookings Institution has called "the public use of the private interest." It has simply been outside the givens of public education.

This is where we now might break through. We must grapple with several practical questions: For what would the school be accountable? To whom would it be accountable? Could it select its students? Could it "top up" the public payment with fees? What rules would apply?

Chubb and Moe are firm that new schools must be autonomous. "Any group that applies to the state and meets these minimal criteria (relating to graduation, health and safety, and teacher-certification) must then be chartered as a public school and granted the right to accept students and receive public money." The school's accountability must be only "downward", to its parent/student community, and it must be able to admit as many or as few students as it wants, based on whatever criteria its organizers think relevant. Schools must also be free to exercise their own informal judgment about individual applicants.

That is dramatically different from many people's (most important, many legislators') definition of a public school. However, it is possible to design a system a little closer to the traditional definition that might have a greater chance of enactment. Such a system would define public education not in terms of how schools are administered, but in terms of the public purposes they are designed to serve.

3) ***A New Public School System***

What follows is an outline for a new public school system that operates through contracts rather than vouchers. Such an arrangement would provide public accountability, since a public body would set the objectives and monitor performance, as well as autonomy, since new schools would be independent entities, would be responsible for results, and would have some choice about the public body with which they wanted to work.

A contract system would:

1. **Be open to a wide variety of organizing groups**. New schools could be formed by educators -- administrators or teachers -- or by groups of parents. Other options include social-service agencies or private groups in the learning business.

2. **Designate more than one chartering body.** It would make sense to open this up to whatever public organizations are authorized to run schools today. This would include the local district, which might approve such a school

either within or outside its own boundaries. It would also include colleges and universities. Some once ran K-12 schools, and could again. It might also include other governmental units. Most states have a "joint powers" law. Some let two governmental units do together what either one is allowed to do separately. This means a city, a county, a housing authority, a public zoo or museum could through agreement with a district acquire the authority to sponsor a school.

States should also be able to charter schools. The legislature might create schools directly -- as some have, for the arts or for math and science. Or it might give the state board of education general authority to approve new schools proposed by others; or it might set up a new agency for the purpose.

The federal government might also start new public schools. In the 1930s the New Deal built TVA as a yardstick by which to measure electric utilities. It built the "Greenbelt" towns as a model for community planning. It might do the same now for schools. And might well begin in the District of Columbia; Congress being in effect the state legislature for the District.

3. **Let the school take whatever legal form it wants.** The organizers might choose to operate as a public corporation, a non-profit, a professional association, or a co-operative.

4. **Have the school be accountable in two ways:** to its approving authority (the state or some other public body) through the contract; and to its families, through choice. This would be a big improvement over what exists today: no performance contract and no choice. The contract relationship forces accountability in ways that the employment relationship does not. It requires the public body to know what it wants. It frees the contractor to decide how the job is to be done. It forces an evaluation and therefore measurement. And it provides consequences: a contract can be terminated for cause, or simply not be renewed.

5. **Give all applicants an equal chance of being admitted.** Such a policy would differ significantly from the Chubb-Moe approach, under which the school would choose its students. Yet it would still let the school limit its size, and even specialize in some subject, by age-level, or in kids with some particular characteristics. The state could also target the opportunity to create new public schools, say to big cities, or to districts it has declared bankrupt, or to kids not doing well.

6. **Make sure good information is available.** Some people have more skills at organization, and greater financial resources, than others. The state would equalize this capacity. There should be some help both to groups in forming these schools and getting approval and to families in finding these schools once formed.

7. **Keep the new school clear of traditional requirements.** Civil rights, student rights, and health and safety must be assured. Beyond that, the legislature should resist the impulse to load up the new school with all the

traditional requirements. The idea is, after all, to produce a different school; not a replica of the school that exists today. The traditional school will remain, for people who want that option. So will the traditional private school.

8. **Establish some defense against, say, a Robert Mapplethorpe School.** The state cannot allow any group to receive public money simply by declaring itself a school. It may not be possible to control this with criteria. It may be simpler to require an applicant-group to win the approval of, or to be sponsored by, a public body which the state can trust to make a common-sense judgment.

9. **Set the accountability in terms of student performance.** Schools relieved of the need to meet "input" requirements should accept responsibility for outcomes. The state might write new performance standards. Or it might adopt the solution worked out by Minnesota for its home school controversy: a student in a new school would have to meet whatever standards the board is willing to impose on the regular-school students in the district where he or she lives. Or the school might be held simply to whatever outcomes it had itself said it would meet.

10. **Let the school lease space, wherever it can.** It might approach the district about an existing building. A district might be required to lease space on reasonable terms, if space is available. Alternatively, the school would set up in space it leased in the community.

11. **Pay full cost and give the school its money in a lump.** Precisely how the money-mechanism will work will depend on how the state pays for education today. Most states have a "foundation" program. This means each district every year pays a uniform percentage of its wealth toward the cost of education; and, whatever this raises in dollars, the state pays the difference between that local effort and some dollar-amount -- hopefully the full cost of educating a child for a year.

In simpler though less familiar terms: in a foundation-aid system the local district pays in full for the education of as many kids as its local effort will cover, and the state pays in full for the education of all who remain. In such a foundation system the marginal kid is state-paid; so when a student moves the state would deduct the full foundation amount (<u>not</u> just the "state aid portion") from what it pays the resident district, and send that amount to the new school or to the other public body sponsoring the school.

States without foundation programs could perhaps require the resident district to transfer its revenue directly to the new school. Some states might need to enact a foundation program. A state might want to give a new school slightly less than what a district spends. Or it might decide to pay more for the education of less-advantaged kids.

12. **Let the school organize itself in whatever way it wants.** The whole point is to leave to the school decisions about the use of time, the method of instruction and the roles of the teachers and administrators.

13. **Let the district schools have the same opportunity.** They deserve the chance to compete on an equal footing. Providing in law a standard plan for chartering schools that would be available both to new and to existing schools would open up a far more effective route to "site-management" than exists today. At the moment, a district seeking the freedom to make its own decisions must try to negotiate a delegation of authority from an often-unwilling district. Districts do sometimes become jealous of successful schools, and try to close or change them. Those innovative but controversial schools would be in a much stronger position vis-a-vis the district central office if they knew they had the option to withdraw and to be sponsored by some other district, by a public university, or by the state.

Divestiture: A Radical Option

The gradual development of a new public school system, through the opportunity for people to start new schools and the opportunity for students to choose among them, will force the school board to rethink its role. More and more students will be educated "outside" the district; geographically or organizationally. Little by little the state might take over the policy role: setting the objectives, raising the revenue and evaluating the performance.

At the moment school boards are resisting the new ideas. Board members oppose choice in almost the same proportion as the public supports it. The school board is a troubled institution, struggling -- less and less successfully -- to maintain some control over education policy against the pressure from state regulations on the one side and from its employees, in the bargaining process, on the other. Their defense -- in response to Chubb and Moe -- has been to lecture their critics about the role of school boards in American democracy.

It might be better for the boards to make a decisive move: to secure their role in policy not by trying to enlarge *but by abandoning* their ownership of the schools. In short, they might divest themselves of school operations.

There is a real case for divestiture. The school board today is caught in a fundamental conflict of interest. It is trying to represent the parents and the public, to whom it promises the best possible education for the kids. But it also sits as the board of the only teaching-business in town. This is a self-dealing arrangement, in which the board's role as producer tends to dominate. Almost inevitably the board spends more of its time worrying about its staff (who can leave) than about its students (who cannot).

In a divestiture, school administration would be split off into a separate entity, essentially on contract to the board. In a district of significant size it

might be divided into two or more operating groups, each with its contract to the board.

Divestiture would clarify the board's role dramatically. The issues that now clog up the board's agenda would become matters to be decided by the operating organization: personnel, schedules, books, supplies. The board would have to think about objectives, about outcomes, about revenues and about which organizations it wanted to have teach the kids.

Each of the operating groups would operate district-wide. This would give parents in every neighborhood two or more different organizations to choose among. Two or more groups might even set up school in a single building.

People in a number of cities are looking for a way to break up the big school bureaucracies. In Illinois, for example, Senate Republicans in 1988 proposed breaking up the big Chicago district into about 20 smaller districts. The plan that passed that year created a board for each of the roughly 600 schools, under the city-wide board. The reform coalition is working hard to make that decentralization succeed; so far successfully. The concern is that what can be decentralized can be recentralized.

Divestiture is different. In Chicago the city-wide board would have remained, for policy decisions, and there might have been four operating groups, each contracted to operate about 150 schools, each with a presence in every neighborhood. *Divestiture would have provided decentralization and choice at the same time.*

Teacher Ownership of New Schools

Withdrawing the exclusive franchise would take away from teachers, as from districts, the security of the traditional arrangement. This is necessary: educators should not be able to take their customers for granted. But as the state makes this change it should in fairness offset the risk it creates for educators with some opportunity for reward.

That reward could be the opportunity for the educators -- specifically, for the teachers -- to own the schools. This would give them the opportunity to grow in professional responsibility and perhaps to increase their personal income.

The school is not the building, of course. Someone else would likely own the building. The school is the people, and the instructional program. A group of educators might own a single school, or several schools. Or it might own a program or department -- math, language, science, or music -- which might operate at several sites.

That option is not available today. If you want to be a teacher you *have* to be an employee. If you are an imaginative, aggressive teacher with good ideas

for improving education; and if you have the desire and the ability to build an organization around those ideas, public education has no place for you.

The idea of owning the school is bound to be attractive. Nationally the K-12 system is a $200-billion-a-year enterprise. It is a guaranteed market. The customers are required by law to use the service, and there is universal third-party coverage, financed by taxes. New schools with a prospect of doing better should be welcome: the public wants improvement, the kids are disaffected, the employees are frustrated and leaving.

There is also great potential to do better -- to try new ways to get kids more engaged in learning, and to cut expensive overhead. The costs of entry are low. All that has been missing is the opportunity to get in: some public organization authorized and willing to say "yes" to educators who have a better idea, and the prospect that the teachers could get the benefits of their idea if it works.

Educators who want to own their group, school or program would receive the per-student cost for the total enrolled. They would be accountable for results, and they would have to persuade their students to come and to stay. But they could keep either for use in the program or as personal income what they did not need to spend. The employment option would remain for educators who prefer to be employed, as many will.

Unions would serve both employee-teachers and owner-teachers. They would bargain only for the former: teachers who own their organization would obviously set their compensation themselves. But unions could have the owner-teachers as dues-paying "associate" members, and provide other services they require. The concept of associate membership has recently appeared within the AFL-CIO. Its author is Albert Shanker.

Can It Happen?

Withdrawing the exclusive franchise and divestiture would threaten the system. The decision would have to be made in the legislature. The education organizations would probably resist. They are powerful politically.

But perhaps the conventional -- the realist -- opinion is wrong. The fundamentals for sweeping change are in place: improvement is necessary, restructured schools are necessary for improvement, and districts need incentives, to produce restructured schools. Things that are necessary eventually tend to happen.

We are beginning to understand, and accept, that the problem is not people and not money, but is in the structure of the system itself. And it is becoming clear how we might work through that structural problem.

The public wants accountability; educators now refuse to accept it. Many teachers argue they are responsible only for their professional practice, not for what students learn. They will not agree to measurement if it involves published comparisons of performance. They will not agree to sanctions for poor performance. The concept of accountability in the current restructuring discussion is essentially that if you do well, you get more money; if you do badly, you get more training.

People are receptive to the idea of teachers having professional status, and autonomy is of course the essence of professional status. ("Tell me what you want. Don't tell me how to do it. I know how to do it.") But governors, legislators, school boards, parents, taxpayers and citizens are not likely to give up control. They are not likely to turn over the decisions about the instructional program while still allowing teachers to keep the protection both of tenured employment and of union contract. That does not pass the accountability test.

The idea of teacher-ownership might break this impasse. It would give teachers a reason to accept accountability. That in turn would give the public a reason to grant the autonomy. Teachers might soon find, as some other professionals have, that the more accountable they are the more autonomous they are.

Perhaps most hopeful is the way the decisions are now moving beyond the community of education professionals, into the hands of general political officials who are able and willing to think outside the system's givens. It is also very important for the power of the presidency to be oriented now not toward the Congress, which does not have the power to change the structure of public education, but toward the states, which do.

Resistance will be fierce. No district will want new schools appearing in its territory. The district will be anxious to preserve its exclusive franchise. It will argue that if new and different schools are necessary it should be the organization to start them.

The district's ability and willingness to start new schools is bound to be limited, however, by its desire not to threaten the other schools it owns. A district fears new schools; even its own. Its interest is entirely in restructuring existing schools. "Help all schools" will be the cry. The result would be what it is today: selected demonstrations, and waiting lists -- always the visible evidence of a reluctance to let change cause internal stress.

Governors and legislators will need to see that their interest is different than the district's interest. The state cannot let its options be limited to actions that begin with "re": restructuring, revitalizing, reforming and retraining old institutions is the slowest way to change. There must also be a way to create new, different, and better schools.

There are some other reasons to be optimistic.

First is the success of the choice legislation. That was outside the "givens," but it happened. The key was to take an idea previously associated with the private sector and apply it to the public sector. People always knew they could choose a school: they just assumed it had to be a private school. Similarly, educators have always known they could start a school: they just assumed it had to be a private school. The state made it possible to choose a public school; the state can make it possible to start a public school.

Second is the willingness now of some leaders in public education to think about incentives. Progress here is recent, and tentative, for incentives remain controversial. Some see them as rewarding people for doing what they ought to be doing anyway. Some warn about unintended side-effects. Some think there can be "up-side" incentives but never "down-side" incentives: good things for schools that do change but nothing bad for those that do not.

Still, the willingness now to discuss incentives at all suggests a recognition that appeals to altruism will not be enough. The talk, however, has been about incentives for schools and teachers. The need is to create incentives for *districts*.

Third is the growing sophistication of business leaders. Business is still ambivalent. Many chief executives still shrink from confrontation. Some still hope major change will result from "partnerships." *Many still think the discussion today is about how to structure an organization rather than about how to structure an industry.*

But many business leaders are impatient now with "feel good" partnerships. More sense that state action is the key. The Business Roundtable now has a CEO assigned to every governor. In some states the CEOs are willing to contemplate radical action despite the certainty of conflict: Chicago may have been a watershed for business.

Fourth is the possibility that thoughtful people inside education will find the change in their own interest. They will not save public education by not changing it. A bad system will not attract good people. The pressure could grow to let kids go to the non-public schools at public expense. The legislation this year in Wisconsin, for Milwaukee, was a straw in the wind.

Fifth is the awareness of the consequences of not getting it right this time. Something like 20 million kids went through high school during the seven years after the *Risk* report. It would be a serious problem -- for educators and for the political leadership -- to have to confess, after another 20 million had cycled through, that once again the adults had not got it right.

Finally, there is something to be said for state action that confines itself to a single, radical stroke: introducing the dynamics for change, with the schools left free to introduce the changes themselves in their own way, over time. The public is ready, the Gallup survey for the *Kappan* reported in 1989, for radical change.

Conclusion: Go To The Heart of the Problem

It is popular today to put down strategies like this. "There are no silver bullets," some people like to say when they want to steer you toward conventional action.

But sometimes it *is* possible to do a single thing that will change everything else for good. Technology sometimes does it; as the satellite forced the restructuring of the telephone industry. Business actions sometimes do it; as the money-market fund set in motion a chain of events that is restructuring the financial industry. Public policy can sometimes do it.

Surely that is what it means to "be strategic." The effort to change schooling needs to be strategic. At the moment it has mainly an idea of what a district and school should look like, passing for a strategy about how to get there. That vision, and exhortation, is not enough.

The state cannot "do" improvement. The state must do things that will *cause* improvement. Incentives are best: better than mandates, better than money. The state should remove from the district its ability to take its students for granted, by making it possible for new and different public schools to appear, where the kids live and which kids can choose. The district then will find improvement necessary, in its own interest.

All efforts to improve public education will fail unless the district finds improvement necessary. We are not serious about improvement if we do not withdraw the exclusive franchise in public education.

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